

News Release



Controller of the State of California - Kathleen Connell

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For Immediate Release

STATE CONTROLLER KATHLEEN CONNELL RETIRES SERIES A OF REVENUE ANTICIPATION WARRANTS

SACRAMENTO, October 25, 2002 – State Controller Kathleen Connell today redeemed Series A of the Revenue Anticipation Warrants (RAWs) in the amount of \$1.5 billion. Today is the scheduled maturity date for Series A. On June 18th, the State successfully awarded \$7.5 billion in RAWs, also known as short-term debt securities, to provide the necessary cash to meet the State's financial obligations through the first half of the current fiscal year.

"I am pleased to redeem this first Series on its scheduled maturity date," stated Controller Connell. "The recent sale of the Revenue Anticipation Note provided ample cash in the State Treasury to make the timely redemption."

Controller Connell last month requested the State Treasurer to issue a Revenue Anticipation Note (RAN) for \$12.5 billion in order to cover cash flow imbalances throughout the remainder of the fiscal year. Controller Connell made this request based on California's sharp drop in revenues, the delay in the sale of the energy bonds to repay the General Fund, and the uncertainty of California's current economic climate. The State sold \$9 billion in RANs on October 9th with the remaining \$3.5 billion to be sold on November 6, 2002.

The second scheduled redemption of the RAWs, Series B, in the amount of \$3 billion is scheduled for redemption on November 27, 2002. Series C, in the amount of \$3 billion, is scheduled for redemption on January 30, 2003, but is callable if sufficient cash exists to redeem it earlier.

"While the economy remains sluggish, I anticipate that the remaining Series' will be redeemed on schedule and, if the energy bonds are sold as scheduled, it is my intent to pay Series C in early December," said Controller Connell. "Timely redemption is important to keep California's borrowing costs low and to keep its ratings as high as possible."

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***To arrange an interview with State Controller Kathleen Connell,
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